

CPP ANNUAL USE OF CAPITAL SURVEY - 2011



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Regents Bancshares, Inc.

Point of Contact:	Randy M. Krenelka	RSSD: (For Bank Holding Companies)	3030679
UST Sequence Number:	541	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	12,700,000	FDIC Certificate Number: (For Depository Institutions)	57177
CPP/CDCI Funds Repaid to Date:	13,081,000	Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	October 23, 2009	City:	Vancouver
Date Repaid ¹ :	1/27/2012	State:	Washington

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).

☒ **Increase lending or reduce lending less than otherwise would have occurred.**

The funding provided through CPP allowed our bank the ability to expand and hire additional personnel and allow for additional lending activity. Since CPP funding was received, the bank has opened a new branch office and hired additional lending personnel.

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☒ To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).

Commercial loans (C&I loans) and commercial real estate loans.

☐ Increase securities purchased (ABS, MBS, etc.).

☐ Make other investments.

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☐ Increase reserves for non-performing assets.

☐ Reduce borrowings.

☐ Increase charge-offs.

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<input type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution.
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<input type="checkbox"/>	Held as non-leveraged increase to total capital.
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What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

CPP funding provided for further capital strength in the bank holding company, allowing the BHC to further increase its investment in its primary subsidiary, Regents Bank, which enabled the bank to have strong capital ratios, insulating it against the pressures of rising problem asset levels. Without this excess capital, the bank would have had to be more focused on reducing risk assets by shrinking the balance sheet rather than having the ability to increase lending activity. The capital provided by CPP put our bank in a position to expand lending activities by hiring talented and capable local bankers in the markets that we serve in an uncertain economic time.

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What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

CPP funds enabled the bank to more confidently expand into new markets that were vacated by long established local banks that left the market vial hard exit. The bank was able to open and grow a new branch office in the east San Diego county community of El Cajon. The decision to open the new office absent the added flexibility that the capital cushion from CPP provided would, at minimum, made this action more difficult.

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Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.

The CPP infusion provided allowed the Holding Company to form a new subsidiary with the sold purpose of purchasing at FMV problem assets from its affiliate bank, which helped keep the bank balance sheet safe.